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11. (SBU) SUMMARY: Retired IDF General Daniel Rothschild, President of the Council for Peace and Security, briefed the diplomatic corps on January 12 at Peace Now on the background and future of the Gaza operation. Rothschild believes that Operation Cast Lead has achieved deterrence, and Israel is ready for a ceasefire. The two biggest obstacles, he explained, are the Hamas leadership in Damascus (Hamas-Damascus) and the Egyptians; Hamas-Damascus because it does not feel the same pressure as Hamas in Gaza, and Egypt because it is not pushing Hamas enough for fear of appearing to be Israeli collaborators. Looking to the future, Rothschild believes that in six months either Iran will increase its influence in Gaza, or there will be anarchy fueled by armed gangs. In a separate conversation on January 12, retired General Amnon Lipkin-Shahak told the Embassy that Israel will continue to fight until Hamas accepts an unlimited ceasefire, and will not leave troops in Gaza after the ceasefire. Both Lipkin-Shahak and Rothschild are highly respected former IDF generals now associated with the left, and while neither hold a government position, both remain influential thinkers. End SUMMARY.

Damascus Preventing a Ceasefire; Egypt Could Do More

- 12. (SBU) Rothschild told the diplomatic corps based in Israel that he believes Israel has achieved a significant deterrent and could end Operation Cast Lead, although he admitted some in the government seem to disagree. At the strt of the operation, Rothschild explained that Haas had 18,000 security forces, but 14,000 were plice forces focused on repressing the population, eaving only 4,000 hard-core militants. He also aid that while Hamas started the war with thousads of Qassams, it only had about 150 long-range Cinese-made Grad rockets (Note: IDF reports Hamas hs fired approximately 90 Grad rockets since the beginning of the conflict). Hamas has now suffered considerable losses among their hard-core militants and their weapons stocks.
- 13. (SBU) Rothschild said that while the Hamas leadership in Gaza is ready to agree to a ceasefire to survive, Damascus-based Hamas leader Khaled Mesha'al is willing to fight until "every last Hamas member in Gaza is dead." In addition, he said, Iran is pressing Mesha'al to reject a ceasefire.
- 14. (SBU) According to Rothschild, Egypt could also do more to get a ceasefire but it has conflicting interests. While Egypt wants a ceasefire, it also would like to see Hamas completely defeated, and it must be careful not to seem like an Israeli collaborator. Furthermore, Rothschild thinks Egypt is enjoying being the center of the negotiations. Because of these factors, and the internal Israeli debate over how far is far enough, he does not believe there will be a ceasefire within the next few days.

Hamas Damaged, But Diplomatic Solution Still Needed

15. (SBU) In a separate conversation on January 12, Lipkin-Shahak told the Embassy that considerable damage had been done to Hamas and its military wing, and the IDF would do considerably more if Hamas failed to go to a ceasefire. However, he cautioned that there is no

military solution to Hamas in Gaza, and in the end a political defeat will be needed. For that to happen, he said that the PA will need finish making itself into a real government, and deal with reform and corruption. He assessed that Hamas had won the 2006 elections because it was not corrupt.

- 16. (SBU) Lipkin-Shahak explained that Israel needs a comprehensive strategy that addresses its security and the situation within the PA and in the Gaza Strip as a military and political problem. He said that the failure to make more significant economic progress on the West Bank constituted a lost opportunity for Israel to have sharpened the differences between the two regimes in the eyes of the Palestinians.
- \P 7. (SBU) Finally, Lipkin-Shahak's assessment was that there is no reason for the IDF to remain in Gaza after a ceasefire (with the possible exception of the Philadelphi corridor). It would leave the IDF exposed, and would not offer any real advantages. Israel could just as easily observe from the periphery and launch attacks from outside Gaza as needed. He also dismissed talk of carving out security zones to prevent rocket launches, saying it didn't much matter, given the short distances, where exactly rockets were launched. While holding no official position, Lipkin-Shahak is still close to IDF leaders, and said he heard from good sources that the IDF does not intend to remain in Gaza after conflict ceases.

Rothschild: Gaza's Future Looks Bleak

 $\P8$. (SBU) In his briefing, General Rothschild underlined that Gaza will be almost totally destroyed once Israel withdraws. At that

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point, he said a race will start between Western countries and Iran to win hearts and minds by rebuilding, just as in Lebanon in 2006. Unfortunately, Rothschild said that the West will always lose this type of race. Western governments, with their bureaucracy and -reasonable -- demands for transparency cannot compete with Iran's suitcases full of cash.

 $\underline{\P}9$. (SBU) The other alternative, he said, is that there will be a power vacuum created by the fall of Hamas and the armed gangs in Gaza will take over, creating anarchy. Despite this, he also underlined that there is absolutely no chance the IDF will remain inside Gaza following a ceasefire. (COMMENT: The "day after" comments were directed specifically at Embassy Poloff, and Rothschild was likely hoping to influence the USG response following the conflict. END COMMENT.).

Bio Notes

- (U) Major General (ret.) Daniel Rothschild was the commander of Israeli forces in Lebanon in 1985, and was the head of COGAT from 1991-1995. Rothschild participated in the negotiations with Palestinians from the preparations for the Madrid Conference to the second Camp David talks. He is currently President of the Council for Peace and Security, a non-partisan, left-of-center think tank of over 1,000 former security officials.
- 11. (U) Lieutenant General (ret.) Amnon Lipkin-Shahak is a highly-decorated commando and former IDF Chief of General Staff (1995-1998). As a co-founder of the now-defunct Center party, he served in the Knesset from 1999-2001 as both Minister of Tourism and Minister of Transportation (from 2000). Lipkin-Shahak was also active in Palestinian negotiations during the second Camp David talks. He is currently the chairman of El Al Airlines.

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